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ABSTRACT

The study reported in this paper applied contingency organization theory to the environment of fund development programs in public research universities. Of particular concern was the recent emphasis of these universities on private fund development and their increased relationships with external environments. Case studies of the development programs and development officers of three major public research universities were used to study the relationship between the universities' development programs and other subunits, the usefulness of organizational differentiation and integration in understanding the organizational and managerial structure of the development programs, applicability of C. Argyris' integration theory, and ways in which public research universities integrate their development programs. Thirty conclusions are derived from the data analysis, such as: the greatest degree of differentiation is likely to occur in the most centralized and externally oriented development programs, and communication between the development program and other subunits is most effective in a decentralized organizational structure. Practical implications and recommendations conclude the paper. Includes 10 references. (JDD)

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DIFFERENTIATION-INTEGRATION ORGANIZATION THEORY IN FUND DEVELOPMENT PROGRAMS OF PUBLIC RESEARCH UNIVERSITIES

Michael S. Rao

Theories dealing with organizational and managerial behavior have proven useful in identifying, diagnosing, understanding, and in some instances, developing solutions for difficulties and conflict in organizations of private enterprise. In the present study, the major concepts involved in contingency organization theory (differentiation and integration) were applied to the environment of fund development programs in public research universities.

The chosen research environment was determined particularly appropriate for the study since the concept of differentiation was apparent in the setting of a development program. Fund development programs of public research universities have grown rapidly in recent years. Development, which involves the acquisition of private, external funds, is a task rarely compared to any other in an academic environment. The behavior and overall orientation required of the members of a development program differs significantly from those of other members of a public research university. This orientation is recognized as a potential source of intra-organizational conflict (Lawrence & Lorsch, 1967). A possible method of resolving conflict that results from the differences in behavior and orientation of members of different parts of an organization is to integrate its components such that each division and member holds a clear sense of the purpose of the organization (Lawrence & Lorsch, 1967; Argyris, 1964).

The primary concepts of the Lawrence and Lorsch theoretical framework, organizational differentiation and integration, are comprised of various dimensions. Differentiation refers to the differences among the subunits of an organization. In an attempt to cope with the differences in their particular environment, the members of various subunits develop differences in goal orientation, time horizon (i.e., long term or short term), interpersonal relations stances, cognitive and emotional orientation, and overall task and strategy. The differentiation of function and task often requires a difference in the managerial structure and style of the subunit. Differentiation may also be viewed as specialization. Differentiation can lead to the evolution of subcultures within an organization, and inevitably, conflict among the subunits. The various subunits of an organization must be coordinated as a system in order to accomplish the mission of the organization. This coordination can be a difficult task because the differences among subunits are reinforced by the differences in the values, beliefs, and culture of the members of each subunit. Nevertheless, as Argyris (1964) postulated, all of the individuals of the organization must be integrated with a sense of its overall purpose and mission. This is defined as organizational integration. Lawrence and Lorsch (1967) described integration in terms of the quality of collaborative relationships among the members of different subunits within an organization. Integration is a technique for achieving collaboration and a common sense of purpose throughout the organization. Integration serves as the behavioral basis for conflict resolution. Lawrence and Lorsch (1967) outlined many mechanisms of integration that may be used to achieve quality in the state of collaboration and to resolve conflict.

Differentiation-integration organization theory would predict that the growth of public research universities has been followed by increased internal organizational complexity and differentiation. Of particular concern in this study was the recent emphasis of public research

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universities on private fund development and their increased relationships with external environments. It was clear that development was a growing priority on many campuses of public research universities (Rowland, 1986). Therefore, there has been a sharp increase in the hiring of development professionals and greater focus by administrative bodies on private fund raising.

Associated with the increased complexity in the organization of the public research university is greater differentiation and intra-organizational conflict, less communication, unclear roles and relationships of development professionals in the institution, and greater mistrust and disregard for development professionals by faculty (Trachtman, 1987). Results of this study have implications for public research universities, their development programs, and the individuals, or development officers, associated with such programs in public research universities.

RESEARCH OBJECTIVES

The purpose of this study was to develop an understanding of the organizational and managerial structure of the development programs of public research universities using the theoretical concepts of differentiation and integration. The study was approached by applying differentiation-integration organization theory and determining the relationship between the purpose of the development program, the role of the development officer, and the overall goals of public research universities as stated in the institutional mission and as perceived by selected administrators, faculty, and development officers.

The following research questions were addressed in this study.

1. What is the relationship between the development program and other subunits of a public research university?

2. In what ways is the theoretical framework of Lawrence and Lorsch (1967), involving the concepts of organizational differentiation and integration, useful in understanding the organizational and managerial structure of the development programs of public research universities?

3. In what ways is Argyris' theory of integration applicable in determining the relationship between individual development officers and the institution of which they are a part?

4. How does the mission statement of a public research university integrate the development programs of such institutions with a sense of the purpose of the organization?

5. How do the perceptions of the different types of study participants differ regarding the relationship between the development program and other subunits of the institution?

6. How does a public research university integrate its development program?

OVERVIEW OF RESEARCH METHODOLOGY

The primary method of research used to gather and analyze information for this study was the case study approach. Intensive investigations of the development programs and development officers of three major public research universities were conducted. Emphasis was placed on the purposes, goals, priorities, and roles of the development programs and development officers of each of the institutions, and the organizational structures of the institutions themselves. This methodology was determined to be the most effective method of research to study in-depth the organizational and managerial structures of the development programs of three public research universities. The case study approach was also preferred as a method of research in defining the relationship of the development program to the public research university using differentiation-integration organization theory.

In order to accomplish the purposes of this study, five basic steps were carried out as described below:

1. With the assistance of an expert panel of professionals in the field of fund development, an interview instrument was designed to identify the perceptions of the presidents, academic vice presidents, chief development officers, and selected faculty and development officers of selected public research universities regarding the purposes of the development program and the relationship between the goals of the development program and those of the institution.

2. The instrument was pilot-tested at a public research university not included in the field study. The interview instrument was revised based on recommendations from interviewees and determinations of the researcher of questions that provided focused responses pertinent to the theoretical emphasis and broad-range goals of this study. In addition, many steps were taken to enhance both reliability and validity in this case study.

3. The revised interview instrument was then administered at three public research universities similar in rank and institutional mission. Each of the institutions was a member of the American Association of Universities (AAU) and were classified by the Carnegie Foundation for the Advancement of Teaching (1987) as Research I public institutions of higher education. The institutions and the specific categories and types of interviewees were selected by the expert panel described in step one.

4. Documents were obtained from each university studied. The documents focused on the purposes, goals, and missions of each development program and its respective institution.

5. The data were analyzed with respect to each of the theoretical dimensions within differentiation-integration organization theory. By utilizing the case study research methodology and reviewing data by institution, patterns and themes within individual settings were identified and institutions were compared across cases. Each case institution was studied in-depth; cases were then compared with one another. Trends and conclusions drawn from the interview data analysis were validated by the documents obtained described in the step four and specific observations made by the researcher during institutional visits.

STUDY CONCLUSIONS

There are approximately 30 major conclusions derived from the method of data analysis employed in this study. Each conclusion addresses one of the study questions.

1. What is the relationship between the development program and other subunits of a public research university?

   - The relationship between the development program and other subunits within the public research university is dependent upon the organizational structure of the development program.

2. In what ways is the theoretical framework of Lawrence and Lorsch (1967), involving the concepts of organizational differentiation and integration, useful in understanding the organizational and managerial structure of the development programs of public research universities?

   - The theoretical concept of differentiation was of significant use in understanding the inherent differences between the development program and other subunits within the public research university. These differences included variations in environment, overall task, strategy, goal orientation, cognitive and emotional orientation, interpersonal relations stances, time horizon, and the formality of the structure of the development program.

   - The required differentiation of the development program is greater than that of most other (particularly academic) subunits within a public research university. This situation is explained by the unique requirement of the development program to interact with its external environment.

   - Differentiation does not explain fully the intra-organizational conflict that results in the development programs with highly decentralized organizational structures.

   - The disruptive effects of differentiation are neutralized in a development program in which the organizational structure is decentralized. It was determined that communication between the development program and the internal environment is more effective in a decentralized organizational structure.

   - The effects of differentiation, the lack of a sense of common purpose, and intra-organizational conflict are not related to, and cannot be predicted based on, the relative size of an institution.

- The greatest degree of differentiation is likely to occur in the most centralized and externally oriented development programs. These development programs will also require a high degree of integration in order to "balance" the orientation of its members.

- Communication between the development program and other subunits of the institution is most effective in a decentralized organizational structure.

- The influence of the external environment (i.e., prospects, donors) on the goal orientation of the development officer is greatest in the development program that is most differentiated from its internal environment.

- The tendency of the chief development officer is to be oriented toward the external environment, which results in differentiation and apparent success in fund raising. The intra-organizational conflict that is associated with differentiation, however, must be managed with integrative devices and an organizational structure that establishes a "balance" in orientation.

- Development was determined to be most similar to the business fields of marketing and sales. Developing a greater understanding of how to organize and manage a development program may be achieved by further studying the organizational and managerial practices and standards associated with such fields.

- The development program tends to be structured more formally than academic subunits within the organization, and development officers are largely seen as staff, which suggests that techniques used in the management of the development program should be structured accordingly and appropriate for a task-oriented member of the staff. It was suggested in this study that development officers who represent a school or college of an institution be placed in the organizational chart at the level of staff to the academic dean.

- There is a direct relationship between the goal orientation and behavior of individual development officers and the degree of differentiation of the development program. The greater the development program is differentiated, the greater the tendency that the goals of a development officer are oriented toward the task of fund raising and not toward institutional goals or the mission.

- A direct relationship also exists between communication, attitudes, behavior, and the theoretical concept of differentiation. The greater a development program is differentiated, the greater the likelihood that communication between the development program and other subunits within the institution is ineffective. The greater the

likelihood that communication is inadequate, the more negative are the assumptions of development officers regarding the goals, tendencies, and personalities of the other members of the other members of the internal environment, and the more negative are the assumptions of other members of the internal environment regarding the same of development officers.

- The disruptive effects of differentiation may be heightened by the fact that development officers often do not feel as though they are an integral part of the institutions they represent.

- A decentralized organizational structure tends to foster territorial and competitive behavior among the development officers of the same institution.

- There may be a relationship between the disruptive effects of differentiation and capital campaigns.

3. In what ways is Argyris' theory of integration applicable in determining the relationship between individual development officers and the institution of which they are a part?

   - Although Argyris' theory of integration was found to be pertinent in this research, it was of little significance in developing an understanding of the relationship between the development officer as an individual and the public research university as an organization.

4. How does the mission statement of a public research university integrate the development programs of such institutions with a sense of the purpose of the organization?

   - The mission statement of a public research university is ineffective in providing development officers with direction and a sense of the purpose of the institution. A case statement outlining specific responsibilities for the development program that are based on the institutional mission are likely to provide the development program with greater direction.

5. How do the perceptions of the different types of participants differ regarding the relationship between the development program and other subunits of the institution?

   - The perceptions of the upper-level administrators regarding the relationship of the development program to the institution were far more postive than those of the other participants. Most hesitated participants to discuss directly conflict that was associated with the development program.

6. How does a public research university integrate its development program?

   - Some of the integrative devices described by Lawrence and Lorsch for "uncertain" environments are of potential significance in the research setting of the present study. These include multidisciplinary integrating teams, appointment of an integrator, and integrating units.

   - Particular mechanisms determined useful for integrating development programs of public research universities included: balancing the organizational structure and orientation of the development program, and adjusting, or balancing, the reporting responsibilities of the development officer.

   - Another integrative device is the physical location of the development officer. Housing a development officer in the college or school that he or she represents is useful in balancing the orientation of the individual.

   - The development officers who represent individual colleges and schools within an institution require the support of a central development unit, which may provide assistance in special areas of fund raising (i.e., planned giving, foundation development), institution-wide planning and coordination, general administration, and databases and other computer support.

   - Development officers must have an understanding of their internal environment in order to represent it adequately to the external environment, which further supports the need for the integration of the development program.

   - Mechanisms of integration for the development programs of public research universities must center around increasing communication with the internal environment.

   - Evaluation, thought to be a viable mechanism of integration, was determined to be ineffective in resolving intra-organizational conflict in an "unbalanced" organizational structure.

   - An inherent tendency of development officers is to focus primarily on the task of fund raising and their own careers as fund raisers, which implies that the need for integration in development is substantial.

   - The organizational and managerial structures of the development programs of public research universities are largely inconsistent. Therefore, unique devices may be utilized to integrate individual development programs, depending on the nature, tradition, and unique characteristics of the organizational structure of the institutions of which they are a part.

PRACTICAL IMPLICATIONS AND RECOMMENDATIONS

The recommendations presented below are intended to serve as a general framework for integrating development programs with the institutions of which they are a part and may be useful in identifying and possibly resolving intra-organizational conflict that exists between the development program and other entities within an institution.

1. The mission statements of public research universities alone do not provide effective direction for the development program, and do not imply responsibility for support or staff functions. In addition to the mission statement, a case statement, which translates the specific goals of a particular public research university into required action that becomes the responsibility of each of the members of the development program and includes a role for faculty and others in the institution, is necessary.

2. The organizational structure and reporting responsibilities of development officers determines the control over the quality of the development program. Quality, as emphasized in the present study, is defined as maintaining a development program that is oriented with both its internal environment (integration) and its external environment (differentiation). The orientation of the chief development officer tends to be toward the external environment, while the orientation of the academic dean of a school or college tends to be toward the internal environment. To achieve a "balance" in the orientation, the reporting responsibilities of the development officers that represent specific schools and colleges should be divided equally between the respective academic dean and the chief development officer. A possible drawback to a structure such as this is the conflict that may arise between the academic dean and the chief development officer, in which case the development officer could be victim. A major advantage, however, is the likely achievement of a "balance" in the orientation and behavior of the development officer. Another advantage of this structure is that it provides development officers of the schools and colleges with the support of the central development office which results from the closer relationship between the development officer and the chief development officer.

3. The interaction between the development officer and the internal environment can take many forms and has several advantages. Evidence of this study suggests that if a development officer is located physically in the school or college that he or she represents, the interaction with, and understanding of, the internal environment is greater than if he or she were located in a central development office. The interaction with the internal environment may include attending meetings of faculty, an exposure to discussions of the needs of the school or college as perceived by the dean and the faculty and perhaps students, and participation on committees within the school or college. The familiarity of faculty with the development officer and the development officer with the faculty may lead to greater understanding of differences in the specific professional and psychological requirements of development officers and faculty. Greater interaction of the development officer with the internal environment would also increase the likelihood that the development officer is representing accurately the internal environment to the external

environment. In general, interaction and communication between the development officer and his or her internal environment can reduce internal conflict between the development program and faculty and others in the institution and increase understanding and the awareness of inherent differences. Management practices that foster and maintain effective and open communication will prove most useful in the long-range effectiveness of a public research university.

4. Some of the integrative devices described by Lawrence and Lorsch were found to be of potential use in the setting of a development program. These devices included multidisciplinary integrating teams, appointment of an integrator, and integrating units. Practitioners should use these devices on a trial basis to determine whether or not they are viable in practice.

5. Evaluation alone cannot serve as an effective mechanism for ensuring that a development officer will achieve adequate differentiation and integration. Evaluation may be effective, however, in the proper organizational setting. Evaluative criteria that focus on quantitative goals would typically be the focus of the chief development officer, and criteria that focus on the quality of internal relationships would typically be the focus of the academic dean. In the absence of evaluation by either the chief development officer or the academic dean, the emphasis of the development officer would likely turn toward the manager who was evaluating him or her. The evaluation and reward systems of an organization are perceived to be closely related to the system of control. Evaluation is necessary, however, within the "balanced" decentralized organizational structure, in which a development officer has reporting responsibilities to both managers. The evaluation must be executed carefully and thoroughly by both evaluators; perhaps in a collaborative fashion.

6. In many of the interviews, participants mentioned that important aspects of development were the hiring and training processes. Hiring an individual who is capable of understanding that an orientation with the internal environment as well as the external environment may lead to greater success in the overall development program. Ongoing training is also an integral part of the organization's success in fund development.

7. This study identified a potential relationship between capital campaigns and the disruptive effects of differentiation. This relationship would suggest that the management of development programs engaged in capital campaigns remain aware of the potential consequences of such campaigns and develop strategies to alleviate conflict that results.

8. Management tools which account for the inherent differences between the nature, tendencies, and personalities of development officers and the members of other subunits within the institution should be developed.

9. In the comprehensive, diverse, and complex environment of a public research university, the Lawrence and Lorsch theoretical framework likely has application beyond the subunit of development.

SUMMARY

Although some aspects of the theoretical framework were elusive, differentiation-integration organization theory was indeed useful in developing an understanding of the complex environment of development programs in public research universities. This study argued that a vitally important integrative mechanism in this setting is to create a "balance" in the development program's organizational structure and reporting responsibilities. There are also a number of other integrative mechanisms that are of potential significance in development programs; crucially important is that these center around increasing communication between the development program and other subunits within the internal environment of a public research university. The study results suggest that the theoretical framework used herein and perhaps other organizational theories could be of significance and use in the identification, diagnosis, and understanding of many various subunits within the environment of a public research university.

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